

Projection Model 2

Division of Healthcare Finance

Projected Reserve Calculation - No change to the current Plans A, B and C Design, 0% in 2014 and 8.6% in the out years

Medical, Pharmacy, Dental and Vision

Date of Projection: 5/29/2013

Plan Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Actual Factors and Assumptions in PY2012	Projected Factors and Assumptions.....										
Factors and Assumptions												
Interest Rate on Reserves	0.1%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	1.8%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Kansas Healthcare cost trend rate	5.0%	6.0%	6.5%	6.5%	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	HCC Policy Choices in June 2011	HCC Policy Choices by June 2012	HCC Policy Choices by June 2013	Future Policy Choices.....								
Policy Choices												
Employer Contr. % incr. (eff. July 1)	7.5%	0.0%	0.0%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Employee Contr. % incr. (eff. Jan 1)	44.0%	0.0%	0.0%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Dependent Contr. % incr. (eff. Jan 1)	-7.4%	0.0%	0.0%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Direct Bill Contr. % incr. (eff Jan 1)	14.7%	0.0%	0.0%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Plan design changes % impact on expenses		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Beginning reserve earning interest	12,017,362	12,030,660	12,181,043	12,333,306	159,932,950	138,629,611	121,683,720	107,735,369	97,434,564	91,505,880	90,756,077	96,082,453
Beginning reserve not earning interest	102,929,048	158,309,374	196,487,759	179,562,106	0	0	0	0	0	0	0	0
Beginning Total Reserve Balance	114,946,410	170,340,034	208,668,802	191,895,412	159,932,950	138,629,611	121,683,720	107,735,369	97,434,564	91,505,880	90,756,077	96,082,453
Projected Cash Flow												
Total Employer Contributions	359,671,841	374,645,719	376,495,422	395,723,641	430,883,722	468,048,947	508,419,802	552,272,783	599,908,238	651,652,417	707,859,712	768,915,082
Total Participant Contributions	130,142,982	124,447,306	117,977,170	121,287,050	129,830,285	139,111,874	149,051,208	159,693,359	171,086,306	183,281,098	196,332,027	210,296,812
Total Contributions	489,814,823	499,093,025	494,472,592	517,010,691	560,714,007	607,160,821	657,471,010	711,966,142	770,994,544	834,933,515	904,191,739	979,211,894
Total Plan Expenses (Claims, ASO fees & contracted expenses)	434,434,498	462,062,139	511,398,245	549,127,320	584,016,508	625,839,582	672,940,407	723,613,640	778,141,161	836,827,141	899,999,815	968,013,378
Interest on Reserves	13,298	150,383	152,263	154,166	1,999,162	1,732,870	1,521,047	1,346,692	1,217,932	1,143,823	1,134,451	1,201,031
Net Cash flow	55,393,623	38,328,768	(16,773,390)	(31,962,463)	(21,303,339)	(16,945,891)	(13,948,350)	(10,300,806)	(5,928,685)	(749,803)	5,326,375	12,399,547
Projected Reserve Balance												
Reserve Ending Balance	170,340,033	208,668,802	191,895,412	159,932,949	138,629,611	121,683,720	107,735,370	97,434,563	91,505,879	90,756,077	96,082,452	108,482,000
Target Reserve	50,274,000	52,591,000	56,718,000	60,379,000	64,446,000	69,404,000	74,752,000	80,518,000	86,738,000	93,445,000	100,679,000	108,482,000
IBNR Claim Reserve	29,022,000	30,341,000	32,722,000	34,834,000	37,180,000	40,041,000	43,126,000	46,453,000	50,041,000	53,911,000	58,084,000	62,586,000
Claim Fluctuation Reserve	21,252,000	22,250,000	23,996,000	25,545,000	27,266,000	29,363,000	31,626,000	34,065,000	36,697,000	39,534,000	42,595,000	45,896,000
Difference between the Reserve Ending Balance and Target Reserve	120,066,034	156,077,802	135,177,412	99,553,950	74,183,611	52,279,720	32,983,369	16,916,564	4,767,880	(2,688,923)	(4,596,547)	0

Beginning in 2014, the model includes the projected cost of health care reform impacts.

Does not include estimated PCORI fees which cannot be paid by plan assets.